



Financial Statements
June 30, 2023 and 2022
(With Independent Auditor's Report Thereon)

University of Central Arkansas Foundation, Inc.

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
University of Central Arkansas Foundation, Inc.
Conway, Arkansas

Opinion

We have audited the financial statements of the University of Central Arkansas Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

The Board of Directors
University of Central

Financial Statements

University of Central Arkansas Foundation, Inc.

University of Central Arkansas Foundation, Inc.

Statements of Activities Years Ended June 30, 2023 and 2022

	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
SUPPORT, REVENUE, GAINS(LOSSES), AND RECLASSIFICATIONS						
Contributions and grants	\$ 3,233,274	\$ 11,426,898	\$ 14,660,172	\$ 3,677,293	\$ 5,326,327	\$ 9,003,620
Contributions of nonfinancial assets	165,888		165,888	124,541		124,541
Special events and other income	607,405	1,988,826	2,596,231	320,794	27,283	348,077
Membership dues and sponsorships	1,125,725	34,293	1,160,018	1,054,246	39,118	1,093,364
Lease income	293,196		293,196	293,197		293,197
Royalty income	21,956		21,956	22,321		22,321
Investment return (loss)	1,590,033	2,502,796	4,092,829	(1,616,454)	(3,863,999)	(5,480,453)
Change in fair value of annuity obligations	(2,467)		(2,467)	(1,992)		(1,992)
Net assets released from restrictions	3,387,083	(3,387,083)		3,360,152		

See accompanying notes to financial statements.

University of Central Arkansas Foundation, Inc.

Statements of Functional Expenses Years Ended June 30, 2023 and 2022

Program Management

Program Management

See accompanying notes to financial statements.

University of Central Arkansas Foundation, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

NOTE 1: NATURE OF ACTIVITIES

The University of Central Arkansas Foundation, Inc. (the Foundation) is an Arkansas non profit

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Notes to Financial Statements
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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support and Revenue Recognition (Continued)

The Foundation recognizes contributed nonfinancial assets within support, which typically consist of contributed services from the University as well as members of the community, and

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University of Central Arkansas Foundation, Inc.

Notes to Financial Statements June 30, 2023 and 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016 02, *Leases*. The new guidance requires lessees to record a right of use asset and a corresponding liability equal to the present value of future rental payments on their statement of financial position for all leases with a term greater than one year. The new guidance also requires enhanced disclosures for both lessees and lessors and is effective for the Foundation on July 1, 2022. The Foundation elected the relief package of practical expedients of which there is no requirement to reassess the existence of leases, their classification and initial direct costs. As of June 30, 2023, implementation of this standard did not have a significant impact on the Foundation's financial statements.

NOTE 3: INVESTMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2 Inputs to the valuation methodology include the following:
 - Quoted prices for similar assets or liabilities in active markets
 - Quoted prices for identical or similar assets or liabilities in inactive markets
 - Inputs other than quoted prices that are observable for the asset or liability
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means
 - If the asset or liability has a specified (contractual)

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Notes to Financial Statements
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University of Central Arkansas Foundation, Inc.

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NOTE 3: INVESTMENTS (Continued)

<i>Investments (Continued)</i>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	Level 3
Equity securities				
Consumer discretionary	\$ 772,406	\$ 772,406	\$	\$
Consumer staples	333,870	333,870		
Energy	596,908	596,908		
Financial services	2,359,374	2,359,374		
Health care	1,455,520	1,455,520		
Industrials	846,507	846,507		
Information technology	1,975,799	1,975,799		
Materials	111,139	111,139		
Real estate	363,080	363,080		
Restaurants	138,993	138,993		
Telecommunication services	557,457	557,457		
Utilities	75,034	75,034		
Total equity securities	<u>9,586,087</u>	<u>9,586,087</u>		
U.S. Treasury obligations	15,225,975		15,225,975	
U.S. Government bonds	111,949		111,949	
Government sponsored entity obligations	1,818,465		1,818,465	
Municipal bond	343,959		343,959	
Corporate bonds	910,278		910,278	
	<u>\$ 71,582,545</u>	<u>\$ 53,171,919</u>	<u>\$ 18,410,626</u>	<u>\$</u>

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University of Central Arkansas Foundation, Inc.

Notes to Financial Statements June 30, 2023 and 2022

NOTE 4: CONTRIBUTIONS RECEIVABLE, NET (Continued)

Contributions receivable at June 30 are expected to be collected as follows:

	<u>2023</u>	<u>2022</u>
Amounts due in:		
Less than one year	\$ 5,176,105	\$ 4,224,072
One to five years	2,596,792	5,285,396
Thereafter	<u>23,214</u>	<u>209,714</u>
	<u>\$ 7,796,111</u>	<u>\$ 9,719,182</u>

Contributions receivable which are scheduled to be received after one year are reported at the present value of estimated future cash flows using a discount rate of five percent.

NOTE 5: PROPERTY AND

University of Central Arkansas Foundation, Inc.

Notes to Financial Statements June 30, 2023 and 2022

NOTE 6: LONG TERM DEBT (Continued)

Debt issuance costs totaling approximately \$8,700 is amortized over the life of the related obligation using the straight line method, which approximates the effective ap5190Te

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Notes to Financial Statements June 30, 2023 and 2022

NOTE 8: ENDOWMENTS (Continued)

As a result of this interpretation, the Foundation classifies as net assets with donor restrictions the original value of gifts donated to the donor restricted endowment, the original value of subsequent gifts to the donor restricted endowment and accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instruments at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that will be released from restriction remains in net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) the duration and preservation of the various the expofthedonorrestrictedendowment

University of Central Arkansas Foundation, Inc.

Notes to Financial Statements
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NOTE 8:

University

University of Central Arkansas Foundation, Inc.

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NOTE 12: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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Notes to Financial Statements June 30, 2023 and 2022

NOTE 15: SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 3, 2023, the date the financial statements were available to be issued.